MINISTRY OF JUSTICE

VICTIMS' FUND

FINANCIAL STATEMENTS

For the Year Ended March 31, 2016

PROVINCIAL AUDITOR
of Saskatchewan

INDEPENDENT AUDITOR'S REPORT

To: The Members of the Legislative Assembly of Saskatchewan

I have audited the accompanying financial statements of the Victims' Fund, which comprise the statement of financial position as at March 31, 2016, and the statements of operations, changes in net financial assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards for Treasury Board's approval, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Victims' Fund as at March 31, 2016, and the results of its operations, changes in its net financial assets, and its cash flows for the year then ended in accordance with the Canadian public sector accounting standards.

Judy Ferguson

Regina, Saskatchewan
July 26, 2016

Judy Ferguson, FCPA, FCA
Provincial Auditor

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MINISTRY OF JUSTICE
VICTIMS' FUND
STATEMENT OF FINANCIAL POSITION
As at March 31

	2016	2015
Financial assets		
Due from General Revenue Fund (Note 6)	$ 7,039,554	$ 7,650,513
Accounts receivable (Note 7)	7,209,815	5,178,726
Due from Public Guardian and Trustee (Note 8)	6,051,145	5,704,845
Total financial assets	20,300,514	18,534,084
Liabilities		
Accounts payable	1,650,489	201,347
Employee leave entitlement	50,430	37,696
Total liabilities	1,700,919	239,043
Net financial assets (Note 11)	18,599,595	18,295,041
Non-financial assets		
Tangible capital assets (Note 4)	84,900	103,816
Accumulated surplus	$ 18,684,495	$ 18,398,857

Commitments (Note 10)

(See accompanying notes to the financial statements)

MINISTRY OF JUSTICE
VICTIMS' FUND
STATEMENT OF OPERATIONS
For the Year Ended March 31

	Budget 2016 (Note 12)	Actual 2016	Actual 2015
Revenue:			
Surcharge revenue	$ 10,000,000	$ 15,409,269	$ 10,816,535
Grant – Ministry of Justice (Note 9)	--	0	--
Investment income (Note 8)	300,000	386,453	532,374
Proceeds of crime		0	--
– Federal (Note 11)	--	0	1,590,679
Federal cost sharing revenue	500,000	542,429	436,879
Other	--	1,008,550	39,224
Total revenue	$ 10,800,000	$ 17,346,701	$ 13,415,691
Expense:			
Administration costs	892,000	937,332	1,159,123
Bad debt	1,000,000	2,465,068	673,654
Crime prevention grants	305,000	340,400	319,700
Crisis intervention services	4,118,000	4,984,952	4,140,456
Court-based programs	646,000	644,595	620,980
Compensation payments	892,000	597,921	521,435
Domestic violence courts	633,000	432,064	427,824
Proceeds of crime (Note 11)	--	1,876,693	12,902
Restitution program	336,000	194,374	232,850
Research, evaluation, and prevention	1,028,000	1,047,031	913,027
Education and training	133,000	126,798	107,267
Sexual Assault Services	1,200,000	1,200,000	--
IVA Programs	--	911,215	--
COR and ICE	--	1,302,620	--
Total expense (Schedule 1)	11,183,000	17,061,063	9,129,218
Surplus (Deficit) for the year	$ (383,000)	285,638	4,286,473
Accumulated surplus, beginning of year		$ 18,398,857	$ 14,112,384
Accumulated surplus, end of year		$ 18,684,495	$ 18,398,857

(See accompanying notes to the financial statements)

MINISTRY OF JUSTICE
VICTIMS' FUND
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
For the Year Ended March 31

	2016	2015
Surplus for the year	$ 285,638	$ 4,286,473
Amortization of tangible capital assets	18,916	18,916
	18,916	18,916
Increase in net financial assets	304,554	4,305,389
Net financial assets, beginning of year	18,295,041	13,989,652
Net financial assets, end of year	$ 18,599,595	$ 18,295,041

(See accompanying notes to the financial statements)

MINISTRY OF JUSTICE
VICTIMS' FUND
STATEMENT OF CASH FLOWS
For the Year Ended March 31

	2016	2015
Operating activities		
Cash received from:		
Surcharge	$ 11,454,572	$ 8,373,883
Interest	40,153	46,742
Other	1,009,519	2,499,358
	$ 12,504,244	10,919,983
Cash paid for:		
Salaries	1,426,921	1,452,093
Other	11,688,282	7,091,142
	13,115,203	8,543,235
Cash provided by operating activities	(610,959)	2,376,748
Increase (decrease) in cash and cash equivalents	(610,959)	2,376,748
Due from General Revenue Fund, beginning of year	7,650,513	5,273,765
Due from General Revenue Fund, end of year	$ 7,039,554	$ 7,650,513

(See accompanying notes to the financial statements)

MINISTRY OF JUSTICE
VICTIMS' FUND
NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2016

1. Authority

The Victims' Fund (Fund) was established by *The Victims of Crime Act*, and continues under the authority of *The Victims of Crime Act, 1995* (Act). The Fund receives all provincial and federal fine surcharges assessed under the Act and under the *Criminal Code of Canada*. The Ministry of Justice collects surcharges on behalf of the Fund. The Act permits expenditures from the Fund to promote and deliver services and benefits to victims; conduct research and distribute information respecting victims' services, needs and concerns; and for crime prevention and administration.

2. Significant Accounting Policies

Pursuant to standards established by the Public Sector Accounting Board of CPA Canada, the Fund is classified as an other government organization. Accordingly, these financial statements have been prepared in accordance with Canadian public sector accounting (PSA) standards, as published by CPA Canada.

a) Basis of accounting

The financial statements are prepared on the accrual basis of accounting.

b) Revenue

i) Fine surcharge and other sources

Fine surcharges are recorded as revenue when imposed. Government grants are recognized when received or receivable. Other sources of revenue are recognized as revenue in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Valuation allowance for the imposed fine surcharges is calculated based on past history (see Note 7).

ii) Federal cost sharing revenue

From time to time, the Fund makes cost sharing agreements with the Federal government to provide enhancements to victims' programs in Saskatchewan. In accordance with the agreements, the Fund recognizes revenue when the related expenses are incurred.

c) Community grants expense

Grants are expensed when approved and the recipient has met eligibility criteria.

d) Tangible capital assets

Tangible capital assets are recorded at cost and are amortized on a straight-line basis over the assets' useful life of 10 years.

e) Use of estimates

These statements are prepared in accordance with Canadian public sector accounting standards. These standards require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates. Differences are reflected in the period when they are identified.

The allowance for doubtful accounts on the surcharge receivable is the most significant estimate in the financial statements.

3. Financial Instruments

The Fund has the following financial instruments:
- Due from General Revenue Fund,
- Due from Public Guardian and Trustee (PGT),
- Accounts Receivable,
- Accounts Payable,
- Employee Leave Entitlement.

The following paragraphs provide information about the risks associated with these financial instruments and the fair values of those instruments.

a) Interest rate risk

Interest rate risk refers to the adverse consequences of interest rate changes on cash flows, financial position and income.

The Fund is exposed to interest rate risk as the value of its financial instruments fluctuates due to changes in market interest rates.

The Fund's cash is held in the General Revenue Fund (a related party) and interest is paid at standard rates paid by the Government of Saskatchewan (see Note 6).

As market interest rates fluctuate, the market value of the Fund's investments held with PGT moves in the opposite direction. This risk may affect the price the Fund could get for the investments prior to maturity. To mitigate this risk PGT works with an investment advisor who actively manages asset class allocations through a balanced approach.

The Fund's receivables and payables are non-interest bearing and as a result there is no interest rate risk associated with these financial instruments.

b) Credit risk

The Fund is exposed to credit risk from potential non-payment of amounts due from General Revenue Fund (GRF), accounts receivable, and due from PGT. Because both GRF and PGT are related parties the Fund's credit risk is minimal.

The Fund's accounts receivable arise from fine surcharges assessed against individuals. Credit risk associated with accounts receivable relates to unpaid fine surcharges. The amount of fine surcharges which will eventually be collected is difficult to measure. The amount at which accounts receivable are stated in the financial statements is an estimate of fine surcharges which will be collected, based on the Fund's past experience.

c) Fair value

For the following instruments, the fair values approximate their carrying value due to their immediate or short-term nature:

Due from General Revenue Fund
Accounts receivable
Accounts payable
Employee Leave Entitlement

The fair value of Due from Public Guardian and Trustee (PGT) at March 31, 2016 approximates its carrying value as the amount reflects market values of the underlying investments (see Note 8).

4. Tangible Capital Assets

	2016	2015
Opening costs of tangible capital assets	$ 189,163	$ 189,163
Additions during the year	--	--
Closing costs of tangible capital assets	189,163	189,163
Opening accumulated amortization	85,347	66,431
Annual amortization	18,916	18,916
Closing accumulated amortization	104,263	85,347
Net book value of tangible capital assets	$ 84,900	$ 103,816

Tangible capital assets consist of audio/visual equipment.

Annual amortization is included in administration costs in the Statement of Operations.

5. Related Parties

Included in these financial statements are transactions with various Saskatchewan Crown corporations, ministries, agencies, boards, and commissions related to the Fund by virtue of common control by the Government of Saskatchewan, and non-Crown corporations and enterprises subject to joint control and significant influence by the Government of Saskatchewan (collectively referred to as "related parties").

Routine operating transactions with related parties are recorded at agreed upon exchange amounts and settled under normal trade terms. Amounts expensed to related parties in the 2015-16 fiscal year consists of the following:

	2016	2015
SaskTel	$ 23,116	$ 24,874
Ministry of Central Services	71,779	400,527
Saskatchewan Government Insurance	--	676
Saskatchewan Polytechnic	32,841	33,125
	$ 127,736	$ 459,202

During the year, the Fund received certain administrative services from the Ministry of Justice and the Ministry of Finance without charge. In accordance with established government policy, the Fund has not been charged with certain costs including occupancy, financing, use of certain tangible capital assets, and certain administrative costs. These costs have been absorbed by various ministerial appropriations and therefore no provision for such costs is reflected in these financial statements.

Other transactions with related parties and amounts due to or from them are described separately in the financial statements and related notes.

6. Due from General Revenue Fund

The monies of the Fund are deposited in the General Revenue Fund.

The Fund's earned interest is calculated and paid by the General Revenue Fund on a quarterly basis to the Fund using the Government's thirty day borrowing rate and the Fund's average daily bank account balance. The Government's average 30 day borrowing rate in 2016 was 0.60% (2015 – 0.92%).

7. Accounts Receivable

This amount represents surcharges due to the Fund on account of fines levied against, but not yet paid by, individuals and miscellaneous receivables. The balance at March 31 consists of:

	2016	2015
Total Surcharge receivable	$ 17,200,678	$ 13,245,981
Allowance for Doubtful Accounts	(11,302,098)	(8,837,030)
Net Surcharge Receivable	5,898,580	4,408,951
Federal/Provincial Cost Sharing Agreement receivable	977,764	435,335
Other accounts receivable	333,471	334,440
Total accounts receivable	$ 7,209,815	$ 5,178,726

8. Due from PGT

The Fund invests a portion of its surplus funds through PGT. PGT invests these monies, together with monies it administers for its other clients. PGT allocates income earned together with part of the changes in market values of investments, annually to its clients, including the Fund.

The Fund records amounts PGT allocates as investment income or loss and adjusts the carrying value of the due from PGT balance in the same amount.

9. Grant from Ministry of Justice

The grant from the Ministry of Justice reflects funding for victims' programs to manage and pay for certain programs.

10. Commitments

The Fund is committed to provide $6,231,610 in 2016-17 to victim services programs throughout the Province.

The Fund also pays Interpersonal Violence and Abuse program payments to various organizations throughout the Province. The Fund is committed to provide $3,275,000 in 2016-17.

The Fund also pays Crime Prevention Grants to various organizations to help provide crime prevention programs throughout the Province. The Fund is committed to provide $340,400 in crime prevention grants for each of the next two years.

11. Designated Net Assets

Under the federal *Seized Property Management Act* and the *Forfeited Property Sharing Regulations*, the Federal Government receives monies from seizures made by police during drug and other illegal activity investigations. On April 17, 2000 the Province entered into an agreement with the Federal Government that requires these proceeds be used to support crime prevention, issues of substance abuse, and law enforcement.

Proceeds of Crime transfers from the Federal Government are assigned as designated net assets in the Fund and included in the net financial assets of the Fund. These funds are to be used for police operations directed at organized crime and police-based crime prevention activities, at the discretion of the Saskatchewan Proceeds of Crime Management Committee.

	Beginning of Year	Receipts	Disbursements	End of year
Federal Proceeds of Crime	$ 2,982,866	$ --	$ (1,876,693)	$ 1,106,173

12. Budget

These amounts are included in the budget submitted to Treasury Board for approval. Treasury Board approves the Fund's budget annually.

Schedule 1

MINISTRY OF JUSTICE
VICTIMS' FUND
SCHEDULE OF EXPENSE BY OBJECT
For the Year Ended March 31

	2016	2015
Expense:		
Community grants	$ 6,687,837	$ 5,801,007
Salaries	1,439,655	1,427,877
Proceeds of crime program	1,876,693	12,902
Compensation awards	597,921	521,435
Administration	556,803	333,981
Systems expenses	4,336	339,446
Amortization	18,916	18,916
IVA	2,111,214	--
COR & ICE	1,302,620	--
Bad debt expense	2,465,068	673,654
	$17,061,063	$ 9,129,218